

Programs), discloses that this practice tends to become a method of competition between similarly engaged market agencies and results in undue and unreasonable cost burdens on such market agencies and the livestock producers who sell their livestock through such market agencies.

It is the view of the Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) that it constitutes violations of the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 181 et seq.), for any market agency engaged in the business of selling consigned livestock on a commission basis, to pay, directly or indirectly, any personal or business expenses of livestock buyers attending sales conducted by such market agency. In the future, if any market agency engages in such practice, consideration will be given by the Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) to the issuance of a complaint charging the market agency with violation of the Act. In the formal administrative proceeding initiated by any such complaint, the Judicial Officer of the Department will determine, after full hearing, whether the market agency has violated the Act and should be ordered to cease and desist from continuing such violation, and whether the registration of such market agency should be suspended for a reasonable period of time.

(Secs. 407, 4, 42 Stat. 169, 72 Stat. 1750; 7 U.S.C. 228. Interprets or applies secs. 304, 307, 312, 42 Stat. 164, 165, 167; 7 U.S.C. 205, 208, 213)

[29 FR 311, Jan. 14, 1964; 29 FR 3304, Mar. 12, 1964, as amended at 32 FR 7700, May 26, 1967]

§ 203.6 [Reserved]

§ 203.7 Statement with respect to meat packer sales and purchase contracts.

(a) The Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) receives numerous complaints concerning the failure or refusal of buyers to pay the full purchase price for, or to accept delivery of, their purchases of meat and meat food products and sellers failing to meet contractual specifications. Most such complaints arise out of dis-

putes concerning condition, grade, weight, or shipping instructions.

(b) It is believed that both seller and buyer should take the following points into consideration when selling and buying meat and meat food products:

(1) *Terms of shipment and time of arrival.* Terms and conditions of shipment and delivery should be specified in the contract and both parties should understand fully all terms and conditions of the contract. Any deviation from normal practices, such as a guaranty by the shipper as to the date of arrival at destination, or a deviation from the normal meaning of terms, should also be fully understood and made a part of the contract.

(2) *Quality and condition.* (i) A seller has the responsibility of making certain that the meat and meat food products shipped are in accordance with the terms of the contract specifications.

(ii) When a buyer believes that the shipment does not meet the terms of the contract, he should immediately contact the seller or the seller's agent and advise him of the nature of the complaint. This affords the seller an opportunity to renegotiate the contract, to personally inspect the meat or meat food products, or to have an impartial party inspect or examine the meat or meat food products. Inspection and examination service of this type is available nationally through the USDA meat grading service and locally through various impartial persons or agencies.

(iii) All terms of a transaction should be made clear in the contract, whether written or verbal. If there is any chance of misunderstanding, a written confirmation should be exchanged between the parties. In any case where a contract dispute cannot be settled between the parties and either party intends to file a complaint, such complaint should be brought to the attention of the nearest Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) area office as soon as possible. However, a concerted effort on the part of both buyer and seller to negotiate clear and complete contracts will greatly reduce misunderstandings which can result in the filing of complaints with the Administration.